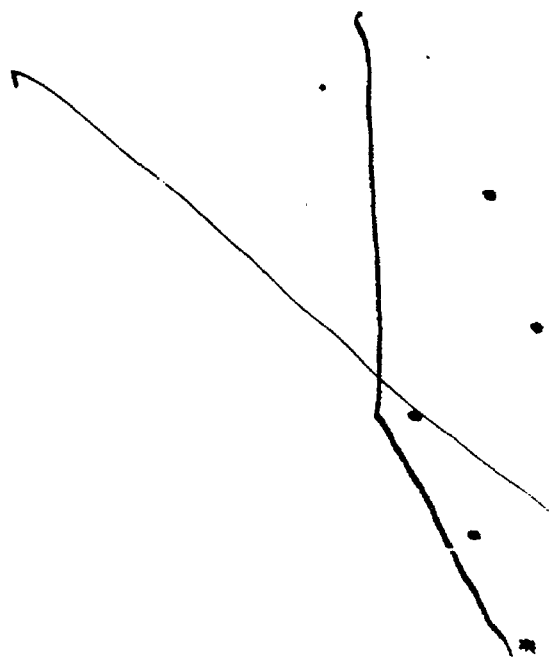


CASE 2232: Application of ATLANTIC
for an automatic custody transfer
system to handle Bluit Penn. prod.



1052/10.

2232

Application, Transcript,
and Exhibits, Etc.

pgm
4/10
DRAFT

RSM/esr
April 10, 1961

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

[Signature]
4/11
CASE No. 2232

Order No. R- ~~1934~~
1937

[Signature]
4/11
APPLICATION OF THE ATLANTIC REFINING
COMPANY FOR AN AUTOMATIC CUSTODY
TRANSFER SYSTEM IN THE BLUITT-PENNSYLV-
ANIAN POOL, ROOSEVELT COUNTY, NEW
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on April 5, 1961, at Santa Fe, New Mexico, before Daniel S. Nutter, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this _____ day of April, 1961, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Nutter, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, The Atlantic Refining Company, is the owner and operator of the Rutter-Federal lease, comprising the SW/4 of Section 28, Township 8 South, Range 37 East, NMPM, Roosevelt County, New Mexico.

(3) That the applicant proposes to install an automatic custody transfer system to handle the Bluit-Pennsylvanian Pool production from all wells presently completed or hereafter drilled on said Rutter-Federal lease.

(4) That the previous use of automatic custody transfer equipment, similar to that proposed by the applicant, has shown that such equipment is a reliable and economic means of transferring the custody of oil, and that the use of such equipment should be permitted, provided adequate safety features are incorporated therein.

IT IS THEREFORE ORDERED:

(1) That the applicant, The Atlantic Refining Company, is hereby authorized to install an automatic custody transfer system to handle the Bluit-Pennsylvanian Pool production from all wells presently completed or hereafter drilled on the Rutter-Federal lease, comprising the SW/4 of Section 28, Township 8 South, Range 37 East, NMPM, Roosevelt County, New Mexico.

PROVIDED HOWEVER, That the applicant shall install adequate facilities to permit the testing of all wells located on the above-described Rutter-Federal lease at least once each month to determine the individual production from each well.

PROVIDED FURTHER, That in order to prevent the overflow and waste of oil in the event the automatic custody transfer system fails to transfer oil to the pipeline, the applicant shall add additional storage facilities from time to time, as it becomes necessary, to store the production which will accrue during the hours that said lease is unattended.

IT IS FURTHER ORDERED:

That all meters used in the above-described automatic custody transfer system shall be operated and maintained in such a manner as to ensure an accurate measurement of the liquid hydrocarbon production at all times.

That meters shall be checked for accuracy at least once each month until further direction by the Secretary-Director.

That all meters shall be calibrated against a master meter or against a test tank of measured volume and the results of such calibration filed with the Commission on the Commission form entitled "Meter Test Report."

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO.

APPLICATION OF THE ATLANTIC REFINING
COMPANY FOR APPROVAL OF AN AUTOMATIC
CUSTODY TRANSFER SYSTEM IN CONNECTION
WITH ATLANTIC'S RUTTER-FEDERAL LEASE
IN THE BLUITT POOL, ROOSEVELT COUNTY,
NEW MEXICO.

2232

APPLICATION

TO THE NEW MEXICO OIL CONSERVATION COMMISSION:

COMES The Atlantic Refining Company and hereby makes application for the approval of an automatic custody transfer system in connection with its Rutter-Federal Lease situated in the Bluitt Pool, Roosevelt County, New Mexico, and embracing the following described land, to-wit:

Township 8 South, Range 37 East, N.M.P.M.

Section 28: SW $\frac{1}{4}$

Containing 160 acres, more or less,
and in support of such application respectfully shows:

1. That there is attached hereto, made a part hereof and for purposes of identification marked Exhibit "A", a plat showing the Oil and Gas Lease hereinabove described, together with the well located thereon producing from the Bough "C" formation and the ownership of the surrounding leasehold interests.

2. That Applicant proposes to install an automatic custody transfer system to handle the production from the present well located upon said lease and any wells which may hereafter be completed in the Bough "C" formation.

3. That the automatic custody transfer system will include adequate facilities to handle the production from all

wells upon said leasehold premises and will be installed in such a manner as to permit the testing of said wells at least once each month to determine the individual production therefrom. That in order to prevent the overflow and waste of oil in the event the automatic custody transfer system should fail to transfer oil to the pipeline, Applicant proposes to provide adequate storage facilities or else to equip said facilities so as to automatically shut in the lease production at the well heads in the event storage facilities should become full. The automatic custody transfer facilities to be installed will be similar to those previously approved by the Commission.

Respectfully submitted.

THE ATLANTIC REFINING COMPANY

By W. T. Landon

HERVEY DOW & HINKLE

By [Signature]
Roswell, New Mexico
Attorneys for Applicant

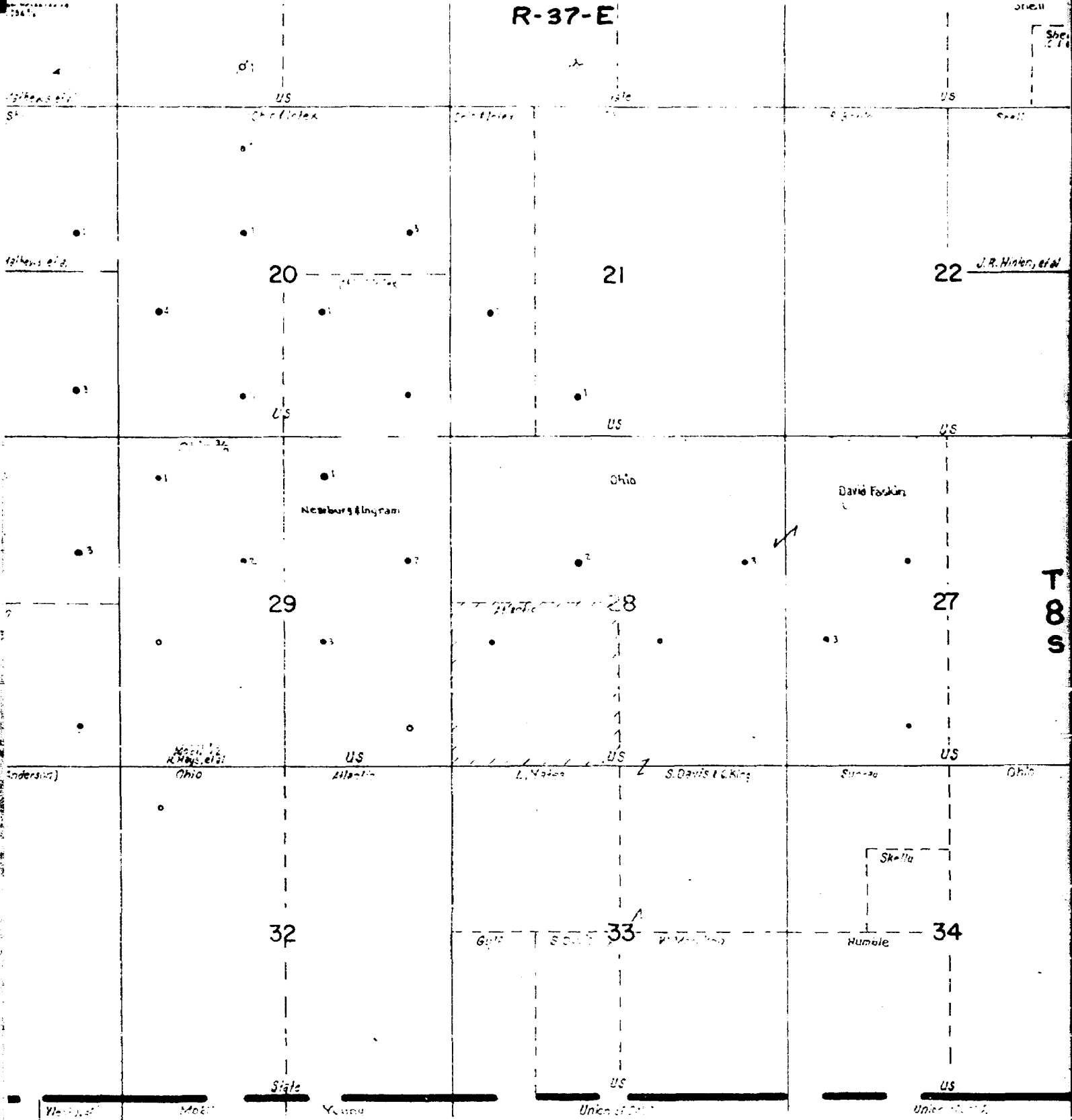


EXHIBIT A
ATLANTIC RUTTER FEDERAL LEASE
BLUETT POOL
ROOSEVELT COUNTY, NEW MEXICO

Bluet 2232

PHONE OR 4-1321



PETROLEUM METERERS
324 PETROLEUM BUILDING
DALLAS, TEXAS

April 3, 1961

The Atlantic Refining Company
P. O. Box 1610
Midland, Texas

Attention: Mr. H. E. Bond

Re: Atlantic Refining Company
LACT Unit Rutter Federal Lease,
Roosevelt County, New Mexico

Gentlemen:

We have examined the schematic diagram and specifications for an automatic custody transfer unit you propose to install on your Rutter Federal Lease, Roosevelt County, New Mexico. We wish to advise you that the unit will be acceptable to us as stated in your proposal and specifications.

1. The amount of sample per unit volume of throughput should be rated at not more than 4 cc's of fluid per sample and each sample should be removed from the line each 5 barrels that flow through the meter.

2. The daily schedule for making delivery of crude should not exceed the unit allowable per day, therefore a set-stop counter should be included in the meter installation to stop the flow of crude when the daily allowable has been recorded on the meter.

3. McWood Corporation, as a matter of general policy, will assume complete responsibility for proving the meter at this installation.

As a matter of record, we wish to state that we will not require a monitor on an installation of this type, however, in the event the sampler should show that unmerchantable crude oil has been passing through the meter, we will require you to install a monitor acceptable to us.

*will be
changed
to 100%
80% scope*

*will have
4 cc's
601*

*April 4, 1961
done*

APR 4 1961

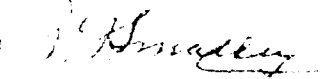
MIDLAND U. ORO

The Atlantic Refining Company - Page 2

Will you please advise us as to the completion date of this unit.

Yours very truly,

MCWOOD CORPORATION



R. G. Smalley
Manager of Field Operations

RCS/av

R D

APR 4 1966
MAIL ROOM

J. M. HERVEY 1874-1953
HIRSH M. DOW
CLARENCE E. HINKLE
W. E. BONDURANT, JR.
GEORGE H. HUNTER, JR.
HOWARD T. BRATTON
S. B. CHRISTY, IV
LEWIS C. COX, JR.
PAUL W. EATON, JR.
CONRAD E. COFFIELD

LAW OFFICES
HERVEY, DOW & HINKLE
HINKLE BUILDING
ROSWELL, NEW MEXICO

TELEPHONE MAIN 2-6510
POST OFFICE BOX 10

March 3, 1961

Mr. A. L. Porter
Executive Director
Oil Conservation Commission
Santa Fe, New Mexico

Dear Mr. Porter:

We enclose, in triplicate, Application of The Atlantic Refining Company for Approval of an Automatic Custody Transfer System in Connection With Atlantic's Rutter-Federal Lease in the Bluff Pool, Roosevelt County, New Mexico.

We would appreciate your setting this matter down to be heard before the first Examiner's hearing possible and would appreciate your sending us a copy of the notice.

Yours sincerely,

HERVEY, DOW & HINKLE

By Clarence E. Hinkle

CEH:bc
Encls.
cc: Atlantic Refining Co.

Handwritten:
L. H. Hinkle
March 3, 1961

DOCKET: EXAMINER HEARING - WEDNESDAY, APRIL 5, 1961

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

- CASE 2229: Application of Amerada Petroleum Corporation for permission to commingle the production from two separate pools within the well-bore. Applicant, in the above-styled cause, seeks permission to commingle the oil production from the Warren-Connell Pool with the production from the Warren-McKee Pool by producing one allowable from the two pools through a common production string in its Turner Well No. 2, located in the NW/4 SW/4 of Section 17, Township 20 South, Range 38 East, Lea County, New Mexico.
- CASE 2230: Application of El Paso Natural Gas Company for a gas-gas dual completion utilizing two strings of casing. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Iluerfano Unit Well No. 113, located in Unit C, Section 33, Township 27 North, Range 10 West, San Juan County, New Mexico, in such a manner as to permit the production of gas from the Angels Peak-Gallup Pool and the production of gas from the Basin-Dakota Pool through parallel strings of 2 7/8-inch casing cemented in a common well bore.
- CASE 2231: Application of Humble Oil & Refining Company for an oil-gas dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Chalk Bluff Draw Unit "C" Well No. 1, located in Unit G, Section 17, Township 18 South, Range 27 East, Eddy County, New Mexico, in such a manner as to permit the production of oil from the Empire-Abo Pool and the production of gas from the Red Lake-Pennsylvanian Gas Pool through 2-inch tubing and the casing-tubing annulus, respectively, by means of a crossover.
- CASE 2232: Application of The Atlantic Refining Company for an automatic custody transfer system. Applicant, in the above-styled cause, seeks permission to install an automatic custody transfer system to handle the Bluit Pennsylvanian Pool production from all wells presently completed or hereafter drilled on the Rutter-Federal lease comprising the SW/4 of Section 28, Township 8 South, Range 37 East, Roosevelt County, New Mexico.

GOVERNOR
EDWIN L. MECHEM
CHAIRMAN

State of New Mexico
Oil Conservation Commission

LAND COMMISSIONER
E. S. JOHNNY WALKER
MEMBER

STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

P. O. BOX 871
SANTA FE

April 18, 1961

Mr. Howard Bratton
% Hervey, Dow & Hinkle
Box 10
Roswell, New Mexico

Re: Case No. 2232
Order No. R-1937
Applicant:
The Atlantic Refining Co.

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Very truly yours,

A. L. Porter, Jr.
A. L. PORTER, Jr.
Secretary-Director

ir/

Carbon copy of order also sent to:

Hobbs OCC X
Artesia OCC X
Aztec OCC

OTHER

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 2232
Order No. R-1937

APPLICATION OF THE ATLANTIC REFINING
COMPANY FOR AN AUTOMATIC CUSTODY TRANS-
FER SYSTEM IN THE BLUITT-PENNSYLVANIAN
POOL, ROOSEVELT COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on April 5, 1961, at Santa Fe, New Mexico, before Daniel S. Nutter, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 18th day of April, 1961, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Nutter, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, The Atlantic Refining Company, is the owner and operator of the Rutter-Federal lease, comprising the SW/4 of Section 28, Township 8 South, Range 37 East, NMPM, Roosevelt County, New Mexico.

(3) That the applicant proposes to install an automatic custody transfer system to handle the Bluit-Pennsylvanian Pool production from all wells presently completed or hereafter drilled on said Rutter-Federal lease.

(4) That the previous use of automatic custody transfer equipment, similar to that proposed by the applicant, has shown that such equipment is a reliable and economic means of transferring the custody of oil, and that the use of such equipment should be permitted, provided adequate safety features are incorporated therein.

-2-
CASE No. 2232
Order No. R-1937

IT IS THEREFORE ORDERED:

(1) That the applicant, The Atlantic Refining Company, is hereby authorized to install an automatic custody transfer system to handle the Bluit-Pennsylvanian Pool production from all wells presently completed or hereafter drilled on the Rutter-Federal lease, comprising the SW/4 of Section 28, Township 8 South, Range 37 East, NMPM, Roosevelt County, New Mexico.

PROVIDED HOWEVER, That the applicant shall install adequate facilities to permit the testing of all wells located on the above-described Rutter-Federal lease at least once each month to determine the individual production from each well.

PROVIDED FURTHER, That in order to prevent the overflow and waste of oil in the event the automatic custody transfer system fails to transfer oil to the pipeline, the applicant shall add additional storage facilities from time to time, as it becomes necessary, to store the production which will accrue during the hours that said lease is unattended.

IT IS FURTHER ORDERED:

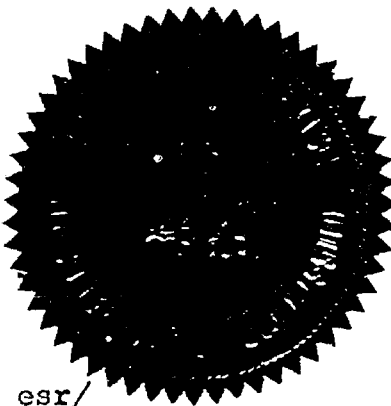
That all meters used in the above-described automatic custody transfer system shall be operated and maintained in such a manner as to ensure an accurate measurement of the liquid hydrocarbon production at all times.

That meters shall be checked for accuracy at least once each month until further direction by the Secretary-Director.

That all meters shall be calibrated against a master meter or against a test tank of measured volume and the results of such calibration filed with the Commission on the Commission form entitled "Meter Test Report."

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

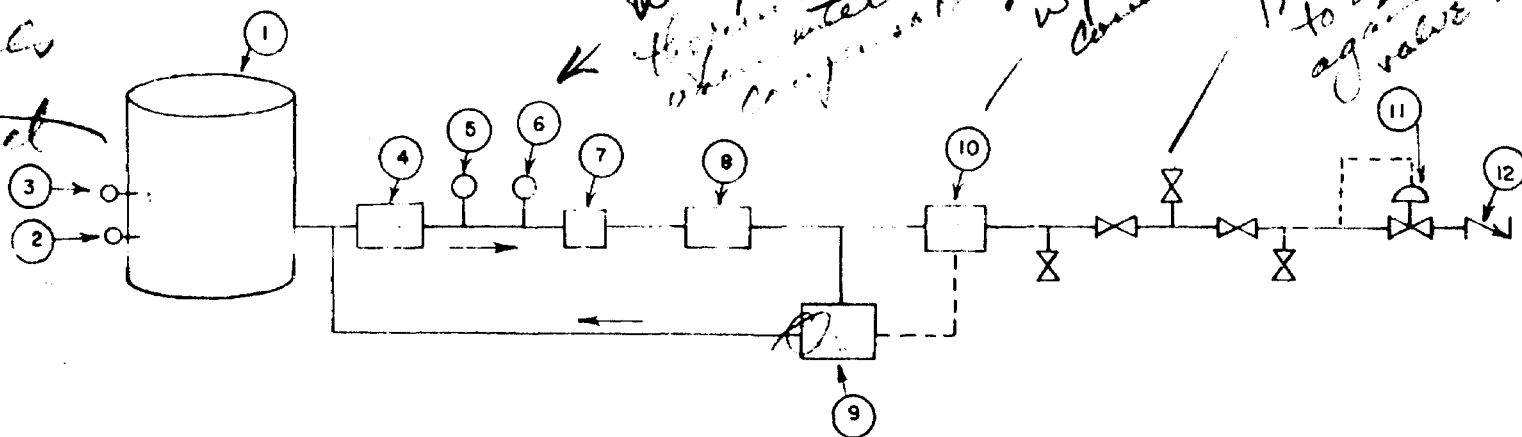
[Signature]
EDWIN L. MECHEM, Chairman

[Signature]
E. S. WALKER, Member

[Signature]
A. L. PORTER, Jr., Member & Secretary

esr/

500 bbls
above
high level
switch
#3



LEGEND:

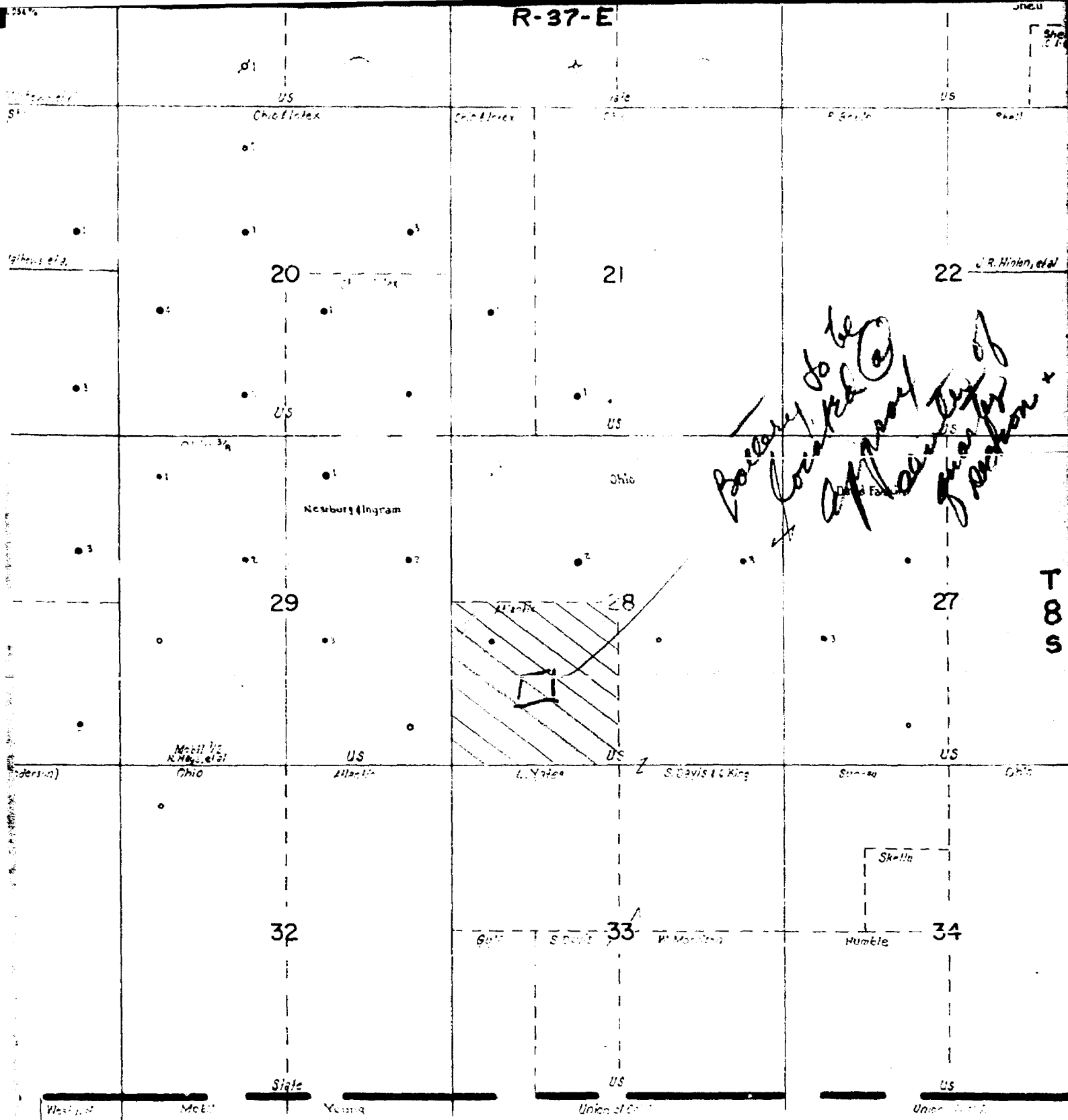
- 1- Surge Tank 1000 Barrel
- 2- Low Level Switch
- 3- High Level Switch
- 4- Pump w/ TEFC Motor
- 5- Pressure Gauge
- 6- Thermometer
- 7- Spool for Future BSW Monitor
- 8- Strainer-Aireliminator
- 9- 15 gal. Sampler w/ Hand Pump
- 10- PD Meter w/ Counter & I/I Transmitter
- 11- Back Pressure Valve
- 12- Check Valve

167 BPD allowed to
2
334

THE ATLANTIC REFINING CO.
PRODUCTION ENGINEERING GROUP
MIDLAND, TEXAS

SCHEMATIC OF PROPOSED LACT SKID
RUTTER FEDERAL LEASE
BLUITT FIELD, ROOSEVELT CO., NEW MEXICO

Date: 3-20-61



Copy 2x A
Case 2232

EXHIBIT A
ATLANTIC RUTTER FEDERAL LEASE
BLUETT POOL
ROOSEVELT COUNTY, NEW MEXICO

STATEMENT OF THE ATLANTIC REFINING CO.
CONCERNING APPLICATION FOR APPROVAL
OF AN AUTOMATIC CUSTODY TRANSFER SYSTEM
ATLANTIC RUTTER FEDERAL LEASE
BLUITT POOL, ROOSEVELT COUNTY, NEW MEXICO
CASE NO. 2232

The Atlantic Refining Co. proposes to install an automatic custody transfer system to handle production from all wells presently completed or hereafter drilled in the Bough "C" formation on the above lease. This lease is located in the SW/4 Section 28, Township 8 South, Range 37 East, NMPM, and contains about 160 acres. The equipment we plan to install will be of the same general type previously approved by the Commission for installation in the State of New Mexico. Previous use of equipment similar to this proposal has proven that this is a reliable method of transferring custody of oil.

Attached is a plat showing the Rutter Federal lease and location of the existing tank battery. Also attached is a schematic showing the proposed automatic custody transfer system.

Oil will be transferred to the pipe line from a surge tank.

Components of the LACT unit in flow order are as follows:

1. Pump: An electrically driven pump maintains a pressure in the metering system above the vapor pressure of the crude. It provides a constant flow rate through the system to insure meter accuracy.

*Appl Ex B
Case 2232*

2. Strainer - Air Eliminator: A combination strainer and air eliminator removes any air, gas, or foreign particles which may interfere with the operation of the meter.
3. Sampler: Samples of the crude are taken during each period of transfer to the pipe line. The samples will be stored in a vapor proof container for gravity and BS&W measurement. The sampler is actuated by electrical impulses from the meter. This will give samples proportional to the amount of oil transferred.
4. Oil Meter: A positive displacement meter is used to measure the volume of oil transferred. This meter is equipped with a temperature compensator, non-reset counter registering barrels, tenths, and hundredths. The counter registers the amount of oil transferred corrected to 60° F. A transmitter delivers one electrical pulse per barrel and paces the safety shut down circuit, the set-stop allowable counter, and sampler.
5. Meter Proving Loop: A four valve proving loop will permit calibration of the oil meter at any time. This proving loop has a bleed valve between double in-line block valves to insure that no oil by-passes the calibration equipment.
6. Back Pressure Valve: The back pressure valve maintains a constant pressure in the meter. This pressure is above the vapor pressure of the crude.

7. Check Valve: A check valve prevents any backflow of oil from the pipe line to Atlantic's equipment.

A control panel, located on the skid, performs the following functions:

1. Stops booster pump on low surge tank level and holds all circuits locked out until the oil level returns to the high level switch. Starts the pump at the high level in the surge tank. A manual override permits starting the pump between level switches.
2. A set-stop counter prevents overrunning of the scheduled monthly allowable. It must be manually reset each month.
3. Stops transfer of oil on a signal from the set-stop counter. Prevents further transfer until the set-stop counter is reset.
4. Stops transfer of oil on a meter failure or if the flow rate drops below a present minimum. This is a lockout function and must be manually reset.
5. The control panel, sampler, and proving loop valves can be sealed by the pipe line company.

The positive displacement meter can be calibrated jointly by the pipe line company and The Atlantic Refining Co. The meter can be calibrated by either a master meter or a test tank.

In order to prevent the overflow of oil in the event of a failure in the custody transfer system we propose to provide adequate facilities to store the production during unattended operations.

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
APRIL 1, 1961

EXAMINER HEARING

PHONE CH 3-6691

DEARNLEY-MEIER REPORTING SERVICE, Inc.

ALBUQUERQUE NEW MEXICO

IN THE MATTER OF

CASE 2232: Application of The Atlantic Refining Company:
for an automatic custody transfer system. :
Applicant, in the above-styled cause, seeks :
permission to install an automatic custody :
transfer system to handle the Bluit Pennsy- :
lvanian Pool production from all wells pres- :
ently completed or hereafter drilled on the :
Rutter-Federal lease comprising the SW/4 of :
Section 28, Township 8 South, Range 37 East, :
Roosevelt County, New Mexico. :

BEFORE:

Daniel S. Nutter

T R A N S C R I P T O F P R O C E E D I N G S

MR. NUTTER: The hearing will come to order, please. The
next Case will be Case 2232.

MR. MORRIS: Case 2232. Application of The Atlantic Re-
fining Company for an automatic custody transfer system.

MR. BRATTON: Howard Bratton, appearing on behalf of the
applicant, Atlantic Refining Company. We have one witness, Mr.
Harold Frost.

(Witness sworn)



DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

HAROLD FROST,

called as a witness, having been first duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. BRATTON:

Q Will you state your name and by whom you are employed and what capacity?

A Harold Frost, Junior Production Engineer with The Atlantic Refining in Midland.

Q You have previously testified before this Commission as an expert witness?

A Yes.

Q Are you familiar with the facts and matters covered in Case No. 2232?

A I am.

Q That area comes under your supervision?

A Yes, sir.

Q What is Atlantic Refining Company seeking in Case 2232?

A We're seeking to install an ACT system on our Rutter-Federal lease, located in the southwest quarter of Section 28, Township 8 South, Range 37 East.

Q The location of that lease and the location of the well is reflected on Atlantic's Exhibit A?

A Yes, sir.

(Whereupon, Atlantic's Exhibit A was marked for identification.)



DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

Q That location is in the northwest quarter of the southwest quarter of Section 23?

A That's correct.

Q That is the only well that you have there?

A We only have one well on the lease at the present time. We are evaluating drilling the second well. It's a 160-acre lease, and wells are drilled on 80-acre spacing.

(Whereupon, Atlantic's Exhibit No. B was marked for identification.)

Q Now, Mr. Frost, refer to what has been marked as Exhibit No. 2, which is a statement of the proposed installation, and attached thereto is a plat of the proposed installation. Would you just go through the entire installation from beginning to end?

MR. PORTER: I believe that's Exhibit B.

MR. BRATTON: Exhibit B. Thank you, sir.

A We propose a 1000 barrel surge tank with the low level switch and high level switch. The low level switch will stop operation of the unit. The high level switch starts transfer of oil to the pipeline. We have an electrical driven pump to transfer oil from the surge tank to the pipeline. Following the pump, the pressure gauge and thermometer on the skid, we will have provision for adding a BS&W monitor at such time as the well starts making the water. The pipeline company has requested that we do not put the monitor in until unmerchantable oil is found in the sampler. We have a combination strainer-silicelimator to remove



DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

any foreign particles from the oil which might interfere with operation of the meter. We have a sampler with a 16-gallon pressure storage vessel, equipped with a hand pump for mixing of the sample before draw-off for determination of gravity and BS&W content. This sampler is actuated by electrical impulses from the meter, which will give samples proportional to the amount of oil transferred. The oil meter is the positive displacement meter. It is equipped with a temperature compensator, a non-reset counter, which registers the amount of oil corrected to sixty degrees Fahrenheit. The transmitter on the meter delivers one electrical pulse per barrel to pass the shut down circuit, the monthly set-stop allowable counter, and the sampler.

A four valve meter proving loop permits calibration of the meter at any time. This loop has double in-line block valves with a bleed valve between to insure that the valves are not leaking. The back pressure valve maintains a constant pressure in the meter above the vapor pressure of the crude.

A check valve prevents any backflow of oil from the pipe line system to Atlantic's equipment. The control panel, which is located on the skid, will perform the following functions: It will stop the booster pump when the oil level in the surge tank reaches the low level switch. It will start the pump when the oil level reaches the high level switch. The manual override is provided so that a transfer can be started before the oil level reaches the high level switch, if the pipe line desires. The monthly set-stop



DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CN 3-6691

ALBUQUERQUE, NEW MEXICO

counter prevents overrunning of the scheduled monthly allowable. This must be manually reset each month by the pipe line and Atlantic representatives. When the monthly allowable has been run, this set-stop counter will prevent any further transfer of oil. The panel also will stop transfer of oil in the event of a meter failure or low flow rate in the meter. This must also be manually reset. The control panel sampler and the proving loop valves can be sealed by the pipe line company. The surge tank, 1000 barrel surge tank has sufficient capacity to store all oil produced during the unattended operation in the event of any failure in the unit.

Q What is your daily production?

A 167 barrels per day.

Q How much storage do you have above your high level switch?

A We will have at least five, which would give us about three days' storage.

Q How often is the lease checked?

A The pumper will check the lease once a day, and possibly twice a day. We are anticipating to get it down to one trip per day.

MR. PORTER: That's every twenty-four hours?

MR. MORRIS: Including week-ends?

A Yes.

Q (By Mr. Bratton) Is there anything else you care to go into in connection with the installation?



DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

A The gravity of that oil is fifty-five degrees corrected.

Q This is your Bluit Pennsylvanian oil?

A Bluit Pennsylvanian.

Q Is this installation substantially identical or is it identical to one that you have applied to the Commission for before?

A Yes, it's identical to one previously approved.

Q Where is that installation?

A That's in the Justis Field.

Q Is there anything further you care to go into in connection with the installation?

A I don't believe so.

(Whereupon, Atlantic's Exhibit C was marked for identification.)

Q Your Exhibit C, then, Mr. Frost, is a letter from the pipe line approving the installation?

A Yes, sir.

Q On that, Mr. Frost, I notice that they, in Item No. 2, called for a set-stop counter, what I'd call a daily set-stop counter. Could you explain how that arose?

A I asked the pipe line company how they would like to have us transfer their oil, that is, whether they would like to have the oil delivered over a twenty-four hour period, six hours a day, or four hours a day, or what schedule. Evidently, I didn't make my question clear, or they misunderstood it, and it came back



DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

with this daily set-stop counter. That is satisfactory. However, it does get away from automatic operation in that our bumper would have to go by there each day and reset that counter. In other installations we have taken care of our daily allowable by the adjustment of our high and low level switches. We set the distance between those two switches to allow running of the daily allowable in the time that the pipe line desired to take the oil. In one case, we put a time clock in the control panel so that the unit would be in operation a set period per day, which would run only the daily allowable. Since the pump has a specific rate of throughput, we prefer either the time clock or an adjustment of the switches over the daily set-stop counter. However, all three of them will do the same function.

Q Actually, you would prefer one of the first two methods you outlined, and as soon as you have an opportunity to work it out with the pipe line, you would prefer to install one of them --

A Yes.

Q -- or install the clock or set your switches?

A Yes, sir.

Q If you do get another well in here, you would still have in your 1000 barrel tank more than one day's storage, extra storage capacity, would you not?

A Yes, sir, we would.

Q Is there anything further you care to bring out in connection with this application?



DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

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A We didn't show the location of the battery on the plat. It's located approximately the center of the southwest quarter section.

Q Were Exhibits 1 and 2 prepared by you or under your supervision?

A Yes, sir, they were. The Exhibit C was furnished by the pipe line.

Q I meant Exhibits A and B.

MR. BRATTON: We offer in evidence Atlantic's Exhibits A, B and C.

MR. NUTTER: Atlantic's Exhibits A, B and C will be entered.

(Whereupon, Atlantic's Exhibits A, B and C were received in evidence.)

MR. NUTTER: Anyone have any questions? Mr. Morris.

CROSS-EXAMINATION

BY MR. MORRIS:

Q Do you propose to install any other fail safe feature than just the storage facilities?

A At the moment, that's all we propose to install.

Q Do you propose any other wells on this lease, or that will be handled by this ACT?

A There's a possibility of one more well.

Q One more?

A Yes.



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Q So, then, that would just about double your daily allowable?

A That's correct.

Q Then, if it became necessary, you would add additional storage facilities, as time might require?

A If required, yes. With two wells we would still have over twenty-four hours' storage above our high level switch.

MR. MORRIS: That's all I have.

BY MR. NUTTER:

Q Mr. Frost, the high level switch for the operation of the tank would be at approximately half the height of the tank?

A It would not be above the half-way mark.

Q So, a minimum of 500 barrel capacity is going to be available at all times?

A Yes, sir.

Q What is the purpose of Item 6, the thermometer, when you have a temperature compensated meter?

A That's for the pipe line to check the temperature compensator, when they are calibrating the meter.

Q Is this a recording thermometer?

A No, it's just an indicating thermometer.

Q Notwithstanding what McWood's letter of April 3rd says, that a daily set-stop counter would be provided, you would probably put it on a monthly --

A The monthly set-stop counter will be there, in any case.



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Q The fourth paragraph, Item No. 3, of McWood's letter says they will assume complete responsibility for proving the meter. These meter tests or proofs will be witnessed by representatives of Atlantic, will they not?

A Yes, they will.

Q You stated that McWood did not want you to put a monitor on at the present time, but their letter states that they won't require you to put a monitor on at the present time. Which is it?

A When I talked to him, oh, it was two or three months ago, they said that they would prefer that we didn't put it on until such time as it was needed. Of course, here it says they won't require it done.

Q Now, your one well that you have at the present time, is it producing pipe line quality oil?

A Yes, sir.

Q No treating facilities are necessary?

A No treating facilities on the lease. Of course, any time that any water gets over into that sampler, we are more anxious to put that monitor on the pipe line because that water is metered in the meter just the same as used oil, and we don't get paid for it. At the end of the month, we have sold a lot less than our allowable, and then we can't make it up.

Q The meter proving loop is this combination of five valves, is that correct?



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A That's correct.

Q And the one valve that sticks up to the top is the bleed valve?

A That's the bleed valve.

Q What will Mack Wood provide for proving this meter?

A Either a master meter or a meter proving tank, calibrated tank.

Q Have they indicated to you what system they will use to prove the meter?

A No.

Q At any rate, your installation will have the loop for tying onto some sort of proving facility?

A It will suffice for either method.

Q Your diagram here shows that the sampler has a return line to go in upstream from the transfer pump.

A That's right.

Q Will this be an automatic transfer or will this be a manually controlled transfer from the sampler back into the line?

A A small part of the stream of oil is circulated through the sampler. Let me correct that by the sampler back to the upstream side of the pump. It's through a three-way solenoid valve. This valve receives an impulse from the meter, which extracts a sample of that stream, by-passing through the solenoid valve.

Q Then, there's an accumulation of oil in the sampler tank No. 9, and it can be run back into the main line upstream from Item



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4, the pump, correct?

A It is run back up there by means of the hand pump.

Q In other words, that is not an automatic function to drain the sampler tank and put it back into the main line --

A No.

Q -- that's a hand operation?

A That's a hand operation.

Q Is that sample diverting line there sealed by the pipe line, or by the operator, or can the sampler be drained without breaking the seal?

A Yes, it is sealed.

Q The dotted line running from Item 10, the meter to the sampler No. 9, is an electric line?

A That indicates the control line from the meter that controls.

Q That's your electric impulse line, is that correct?

A That's right.

MR. NUTTER: Any further questions?

BY MR. PAYNE:

Q Mr. Frost, if you have to reset this set-stop counter daily, when your allowable has been recorded on a meter, then you would be deprived of utilizing your daily tolerance, wouldn't you?

A If they set the exact allowable.

Q If it is required by the pipe line?

A If it is required by the pipe line.



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MR. NUTTER: Where does this oil go when it's transferred by the LACT unit?

A It goes into McWood's pipe line.

Q (By Mr. Payne) What do they have, a gathering system in this field with storage tanks near by?

A I'm not exactly sure where the oil goes. They do have a gathering system in this field.

Q You don't know whether it goes into storage tanks or whether they're tied directly onto some major transporter?

A That, I do not know.

Q At any rate, it won't go into storage tanks that they may be operating right here at this lease?

A Not at this lease, no, sir.

MR. NUTTER: Any further questions?

BY MR. PORTER:

Q This oil is eventually taken through Magnolia Pipe Line, it doesn't make any particular difference?

A I'm not positive who the purchaser is. I believe it's Magnolia, but I'm not positive of that.

Q They have different kinds of setups, I believe, in the Bluit area?

A Yes.

MR. PORTER: That's all.

MR. NUTTER: Any further questions? The witness may be excused.



(Witness excused)

MR. NUTTER: Do you have anything further, Mr. Bratton?

MR. BRATTON: No, sir.

MR. NUTTER: Does anyone have anything further for Case No. 2232? We will take the case under advisement.

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STATE OF NEW MEXICO)
) ss
 COUNTY OF BERNALILLO)

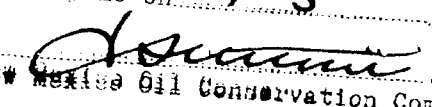
I, ADA DEARNLEY, Court Reporter, in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Proceedings before the New Mexico Oil Conservation Commission was reported by me in machine shorthand and reduced to typewritten transcript under my personal supervision, and that the same is a true and correct record to the best of my knowledge, skill and ability.

WITNESS my Hand and Seal this, the 15th day of April 1961, in the City of Albuquerque, County of Bernalillo, State of New Mexico.


 NOTARY PUBLIC

My Commission expires:

June 19, 1963

I do hereby certify that the foregoing is a complete and correct record of the proceedings in the hearing of Case No. 2232 heard by me on 4-5, 1961.

 Examiner,
 New Mexico Oil Conservation Commission

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